

Money Matters
The County Council's Financial Position
As at 30th June 2016

Contents	Page
Introduction	2
Section A – The 2016/17 Revenue Budget	4

Money Matters – Update on the County Council's Financial Position for 2016/17

1. Introduction

This report provides an update for Cabinet on the County Council's 2016/17 revenue financial position.

2. Summary of the Financial Position

This report provides a view on the Council's current financial performance and the anticipated position at the year end. The forecast is based on the information up to the end of June 2016. The current forecast outturn for the County Council is an overspend of £11.267m and represents a variance of c1.6% against the overall County Council budget. This is subject to a number of assumptions around the anticipated profile of expenditure for the rest of the year which is difficult to predict in some demand led budget areas. The report identifies those areas where forecast pressures exist and will be subject to ongoing detailed review with a focus on controlling and reducing costs and the delivery of an improved financial position by year-end.

The 2016/17 budget of £713.020m includes a significant savings requirement of c£100m, however many savings will not be fully implemented until 2017/18 or 2018/19 and therefore it was agreed that these would be covered by the use of reserves.

The narrative provides details as to progress on the achievement and delivery of the savings relating to each Head of Service. The level of reserves that were approved to be applied from the transitional reserve 2016/17 in support of the delivery of savings was £46.417m and the amount that is now forecast to be required is £40.720m. This is due to early delivery of some savings, particularly through staff vacancies and turnover, although this is partially offset by some budget savings that are delayed and will require reserve funding to cover the delay in implementation.

In total the forecast includes £129.821m from reserves which includes the strategic investment reserve, downsizing reserve, risk management reserve, transitional reserve and specific service reserves. (details can be found in Appendix B). In addition there are transfers between reserves and contributions to reserves that total £5.228m.

Delivery of the significant savings programme has been identified as a key risk area and the savings plans are subject to detailed regular scrutiny by the Programme Office and Finance.

The report reflects the organisational structure with detailed budget monitoring undertaken at Head of Service Level and is summarised in the report up to their appropriate management line, e.g. the Director for Development and Corporate Services. All forecast variances +/- £0.1m are explained within the report along with any mitigating actions being put in place.

A significant budget realignment has taken place in relation to staffing budgets in Quarter 1 and enables post by post budget monitoring, this has been a critical piece of work given the importance and value of staffing budgets within the County Council's

overall budget. It is currently forecast that the overall staffing underspend will be c£1.677m.

2.1 Recommendations

Cabinet are asked to:

- Note the current financial revenue forecast as at the end of quarter 1, this is based on financial data at the end of June 2016.

3. Section A

Key Issues emerging are as follows:

Ref	Service Area	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.1	ADULTS SERVICES	317.410	322.490	5.080
3.2	CHILDREN'S SERVICES	119.356	128.789	9.433
3.3	COMMUNITY SERVICES	134.610	136.892	2.282
3.4	PUBLIC HEALTH & WELLBEING	28.662	30.521	1.859
3.5	DEVELOPMENT AND CORPORATE SERVICES	40.147	40.230	0.083
3.6	COMMISSIONING	43.470	42.639	-0.831
3.7	CHIEF EXECUTIVE	29.364	22.725	-6.639
	TOTAL	713.020	724.286	11.267

3.1 Operations and Delivery – Adult Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.1.1	ADULT SERVICES	0.135	0.150	0.015
3.1.2	DISABILITY (adults)	-4.501	-4.964	-0.463
3.1.3	OLDER PEOPLE	0.619	0.195	-0.424
3.1.4	SAFEGUARDING (adults)	30.577	30.880	0.303
3.1.5	SOCIAL CARE SERVICES (adults)	290.580	296.229	5.649
	TOTAL - ADULT SERVICES	317.410	322.490	5.080

The total net approved budget for Adult Services in 2016/17 is £317.410. The service is forecast to overspend by £5.080m

This forecast includes the impact of the fee increases across homecare services, Learning Disabilities supported living and Physical Support over 65 residential and nursing services. This is in addition to the impact of the further fee uplifts proposed to take effect in September 2016. These increases have been further considered as part of the MTFS review. The forecast also incorporates budgeted savings of £13.223m.

Adult Social Care and Mental Health, Learning Disabilities and Autism are currently implementing their approved staffing restructure which is forecast to utilise £2.832m from reserves.

3.1.2 Disability Service

The service is forecast to underspend by £0.463m

- Day Services are forecast to underspend by £1.962m.
- Domiciliary care services are forecast to overspend by £1.331m.
- There are additional overspends of £0.169m which relate to other small variances across the service.
- This service is currently being reviewed and redesigned and as such most of the underspend on Day Services is being held to off-set overspending in other areas as service plans are being developed, at which point budgets will be realigned appropriately.

3.1.3 Older People – In-House Care Services

The Service is forecast to underspend by £0.424m

- Included within this total, the core service delivery budget delivering care through the operation of 17 care homes and 14 day centres is forecast to overachieve it's budgeted income target by £0.424m resulting in the overall forecast positive variance against budget.

3.1.4 Safeguarding

The Service is due to overspend overall by £0.303m, the breakdown of this variance is detailed below. This budget has been reduced by £0.362m as a result of approved savings, however it was agreed that funding from the transitional reserve would fully support this saving in 2016/17. Due to natural turnover and disbandment of the Health Care Systems Development Team the funding is no longer required.

Mental Health – Residential

- Mental Health residential care is forecast to underspend by £0.520m
- Since April 2015 there has been a 1.5% decrease in the number of service users (April 2016 300; June 2016 – 296) with the average weekly cost of care packages only increasing by 1.5%, which is lower than had been expected.
- There are currently 296 clients supported via this service.

Mental Health – Nursing

- Mental Health Nursing is forecast to overspend by £1.006m due to the average weekly package costs increasing at a rate higher than budgeted for and the number of nursing placements not reducing in line with the assumptions built into the MTFS.

Mental Health - Home Care

- Mental Health Home Care services are forecast to underspend by £0.182m
- In the year to date service user numbers have increased by 1.9% which is lower than anticipated.
- Average care package costs have increased by 1% in year, which is also lower than anticipated.

3.1.5 Social Care Services (Adults)

Changes in statutory reporting requirements has meant the previous client groups of 'Older People' and 'Physical Disability' have been combined to form the client group 'Physical Support'.

The total budget for this service area is £290.580m and is forecast to overspend by £5.649m, at the end of quarter 1.

The significant areas of variance are detailed below. Additionally, there are also a number of other variances amounting to an overspend of £0.334m in total across other service areas including equipment and adaptations, reablement and carers.

Learning Disabilities

- Learning Disability services include the provision of care services including residential and nursing care, but predominantly supported living and direct payments. Services are commissioned via a pooled fund arrangement with the six Lancashire CCGs. The LCC share of the service is forecast to underspend by £5.160m.

- LCC agreed significant additions (c£11.4m) to the 2016/17 Learning Disability budget in relation to demand and inflation, however this has not yet fully materialised and therefore the service is forecast to underspend.
- Increases in service user activity are forecast to increase spending in 2016/17 by £2.000m this includes the impact of transitions from Children's services.
- The forecast includes the impact of agreed fee increases for supported living and domiciliary care valued at £7.400m, £3.500m of this has been funded by reserves in 2016/17 as agreed with the future impacts built into the MTFS.
- The budget has been reduced by £1.000m to reflect the agreed savings relating to the remodelling packages of care, this saving is forecast on track to be achieved in year.

Physical Support

The service is forecast to overspend by £11.413m. This is as a result of delayed achievement of savings and slightly increased demand. This forecast also includes the drawdown of £1.700m from the Transitional Reserve to support an agreed uplift of residential and nursing home fees in 2016/17. The future years impact above the level built into the current budget has been built into the MTFS in future years.

Social Care Service Central Costs

- This service is forecast to underspend by £0.631m through controlling costs on non-essential spending.

The forecast for 2016/17 includes £6.644m contributions from reserves, offsetting the expenditure in relation to the Newton's design work estimated at £2.000m and £4.644m for the agreed repayment of outstanding CCG monies held on their behalf.

Supporting People

- The remaining statutory service is currently forecast to underspend by £0.310m. A full assessment in conjunction with the service consultation is underway to review the ongoing budget requirement.

The forecast for 2016/17 includes £9.355m contributions from reserves, for the continuation of the non-statutory services up to the end of March 2017 as per the agreed BOP 48 savings. It was originally anticipated and approved that £10.150m would be drawn down from reserves to support the transitional arrangements of this budget option however the reduced amount is required due to early delivery of savings.

3.2 Operations and Delivery – Children's Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.2.1	CHILDREN'S SERVICES	-0.623	-0.622	-0.001
3.2.2	SEN & DISABILITY	15.708	14.861	-0.847
3.2.3	SAFEGUARDING INSPEC & AUDIT	9.347	7.459	-1.888
3.2.4	ADOPTION & FOSTERING RESIDENTIAL AND YOT	26.090	25.431	-0.659
3.2.5	CHILDREN SOCIAL CARE	64.719	79.980	15.261
3.2.6	SCHOOL IMPROVEMENT	6.785	6.535	-0.250
3.2.7	TRADED SERVICES (START WELL)	-2.670	-4.855	-2.185
	TOTAL - CHILDREN'S SERVICES	119.356	128.789	9.433

The total net approved budget for Children's Services in 2016/17 is £119.356m. As at the end of quarter 1, the service is forecast to overspend by £9.433m. An additional £5.000m has been included in the 2016/17 budget as agreed in the MTFs following the Ofsted inspection in mid 2015/16.

3.2.2 Special Education Needs and Disability (SEND)

SEN and Disability is forecast to underspend by £0.847m in 2016/17. This is due to the following:

- Children with Disabilities (CwD) Family Support is forecast to underspend by £0.100m.
- CwD Placements, which includes in-house fostering payments and residential and foster care placements with external providers, is forecast to underspend by £0.404m. Of this forecast underspend, £0.295m relates to in-house fostering payments and is in line with the outturn in 2015/16. Forecast underspends of £0.109m relate to foster care placements and is a continuation of the underspend reported in 2015/16 albeit at a reduced level.
- Forecast underspends of £0.300m relate to budgeted increases in charges for SLA's with Health for Occupational Therapy and Speech and Language Services which were built in to the MTFs for 2016/17 but are now not expected to materialise in 2016/17.
- Forecast underspends of £0.043m relate to non-staff costs across a number of teams.

This SEND budget was reduced by £0.301m in 2016/17 to reflect an agreed saving which is forecast to be achieved.

The forecast includes the planned application of non-recurrent funding of £0.228m of SEND Implementation/Reform Grant held on the Former CYP DFM General Reserve.

3.2.3 Safeguarding, Inspection and Audit

Safeguarding, Inspection and Audit is forecast to underspend by £1.888m in 2016/17.

- Forecast underspends of £1.923m relate to staff costs across the service (excluding Lancashire Safeguarding Children's Board), of which circa £1.900m relates to vacant additional post Ofsted posts many of which are covered by agency staff for which the costs are included within Children's Social Care. The cost of all agency staff recruited to social work related posts following the Ofsted inspection in 2015/16 and non-staff costs incurred in response to the Ofsted inspection, are recorded against the Children's Social Care budget in order to identify and track additional costs arising from the inspection.
- Forecast overspends of £0.035m relate to non-staff costs.

The forecast includes the planned application of non-recurrent funding of £0.013m from the Lancashire Safeguarding Children's Board Reserve and £0.100m from the Strategic Investment Reserve to support the Early Response Service.

3.2.4 Adoption, Fostering Residential and YOT

Adoption, Fostering, Residential and YOT is forecast to underspend by £0.659m in 2016/17.

- Adoption Service is forecast to underspend by £0.610m. Underspends of £0.380m relate to staff costs of which circa £0.230m relates to vacant additional post Ofsted posts many of which are covered by agency staff for which the costs are included within Children's Social Care. Underspends of £0.211m relate to adoption allowances although forecast spend is largely in line with spend in 2015/16 and underspends of £0.038m relate to other non-staff costs offset by overspends of £0.019m on interagency adoption fees.
- Overnight Short Breaks Service (ONSB) is forecast to overspend by £0.125m based on spend to date, which largely relates to staff and premises costs and represents a under delivery of savings in 2016/17.
- Residential In-house Provision is forecast to overspend by £0.178m, which largely relates to staff costs.
- In-house Foster Care Allowances is forecast to underspend by £0.122m based on current demand levels. This is an increase of £0.655m from the outturn in 2015/16 which largely reflects an increase of 36 (6.7%) in-house foster care placements from 535 in August 2015 to 571 in March 2016. Whilst numbers of in-house foster care placement has fallen since March 2016 these are still 2% higher in June 2016 than at the same time in 2015/16.
- Forecast underspends of £0.231m largely relate to staff costs as a result of vacancies across a number of teams including the In-house Fostering Service, SCAYT and the Adoption, Fostering, Residential and YOT Management Team. Of this £0.060m relates to vacant additional post Ofsted posts some of which are covered by agency staff for which the costs are included within Children's Social Care.

Approved savings totalling £0.955m have been removed from this budget. The forecast includes the planned application of non-recurrent funding of £0.262m for the Transitional Reserves to cover staff costs, £0.160m also from the Transitional Reserve to cover the impact of reductions to the Youth Justice Board Grant in 2016/17 and £0.010 from the YOT – General Youth Offending Reserve.

3.2.5 Childrens Social Care

Children's Social Care is forecast to overspend by £15.261m in 2016/17.

- Social Work Staff is forecast to overspend by £6.070m.
 - Overspends of £4.613m relate to staff costs which includes agency staff covering vacant posts, additional temporary agency staff required for 12 months to increase capacity in children's social care and temporary workstarts required for 3 months to provide business support to Project Accuracy, in order to implement the agreed actions detailed in the Lancashire Children's Services Improvement Plan following the Ofsted inspection. Of this circa £2.190m is offset by underspends on staff within Safeguarding, Inspection and Audit Service and Adoption Fostering, Residential and YOT Service. It is anticipated that this overspend will reduce following a recent recruitment campaign and a further planned recruitment campaign later in the year, as vacant posts are filled by permanent staff reducing the need to cover posts with agency staff which are more expensive.
 - Overspends of £1.396m relate to a number of other expenses arising as a result of work undertaken in response to the Ofsted inspection. The majority of the additional £5.000m included in the budget in 2016/17 following the Ofsted inspection, circa £4.400m, was budgeted to cover staff costs, with the remaining amount, circa £0.600m, budgeted to cover various non-staff costs, consultant and professional fees. The forecast includes one-off spend of £1.760m for Children's Social Care Referral and Assessment Service Framework, £0.168m for children in need assessments undertaken by an external social work provider in 2016/17 and £0.101m for consultant and professional fees.
 - Overspends of £0.060m relate to non-staff costs
- Children's Social Care Placements, which includes fostering and residential placements with external providers, Special Guardianship Orders (SGO's), Child Arrangement Orders (CAO's) and in-house fostering payments, is forecast to overspend by £10.340m.
 - Forecast overspends of £7.311m relate to agency residential placements. Placements have increased by 62 (46%) placements from 135 in November 2015 to 197 in June 2016. The forecast is based on available financial and activity information and assumes that placements will increase by 0.8% per month for the remainder of the financial year based on historic trends. Work is underway to review the underlying reasons for increases in numbers of placements and to estimate likely future changes in demand. The capacity of a number of in-house residential units is limited due to the placement of young people with increasingly complex needs that require high staff to child ratio's to support. Consequently young people who would otherwise have been placed in these units have been placed with external providers. In June there were 15 vacancies within in-house residential units, although this reflects that 2 units are now operating necessarily operating as 2-3 rather than 6 bed units. It is likely

that demand has been affected by work undertaken following the Ofsted inspection, although the pathway diagnostic work currently underway has already identified some potential for efficiencies which could reduce costs in the future without affecting levels of service delivery.

- Forecast overspends of £2.305m relate to agency fostering placements. Placements have increased by 52 (13%) placements from 392 in October 2015 to 444 in June 2016. The forecast is based on available financial and activity information and assumes that placements will increase by 0.8% per month for the remainder of the financial year based on historic trends. Again work is underway to review the underlying reasons for increases in numbers of placements and to estimate likely future changes in demand.
- Overspends of £0.712m relate to numbers of SGO's which continue to increase offset by underspends of £0.315m on CAO's.
- Net overspends of £0.012, relate to agency remand and in-house residential and fostering payments.
- Underspends of £0.360m are forecast for Family Support and include assistance to families and regular payments, based on spend to date.
- Forecast underspends of £0.296m relate to financial assistance for care leavers.
- Further underspends of £0.179 relate to a number of items including Children's Social Care Management staff costs and DBS costs.

The forecast includes the planned application of non-recurrent funding of £0.260m from the Risk Management Reserve to cover the cost of the LCC Children's Priority Reporting on LCS contract with Newton's (Project Accuracy), £0.241m from the Transitional Reserve to fund the cost of the Transformation of Children's Services Pathways in Lancashire Assessment/Diagnostic based on payments made to date and £0.200m from the Former CYP DFM General Reserve to fund risk assessment training and models and quality assurance, auditing and training costs.

This budget includes a reduction in 2016/17 for approved savings that total £0.504m. The services are working towards achieving the majority of those savings planned for 2016/17, however the savings relating to CSC Placements and Social Worker Teams are delayed due to demand pressures. It is anticipated that these savings can be achieved in future years, but will need to be funded from the Transitional Reserve in 2016/17.

3.2.5 School Improvement

The service is currently holding vacancies awaiting the approval of its new structure which is resulting in a forecast underspend of £0.250m. The income levels for the service are forecast to achieve the target within their budget however there is potential for this to increase in the new academic year and will be kept under review.

This budget has been reduced by £0.657m with the forecast incorporating that this saving will be achieved.

3.2.6 Traded Services (Start Well)

Traded services are forecast to underspend by £2.185m in 2016/17. This relates to a School Catering Service forecast underspend which represents the continued efficient trading position of the service and is in line with the 2015/16 outturn position that the service achieved. This also incorporates a saving target that is being achieved of £0.037m.

All other traded services are reporting a nil variance to their budget, however it is important to note that this includes the achievement of savings of £0.387m.

3.3 Operations and Delivery – Community Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.3.1	OPERATIONS AND DELIVERY	0.164	0.164	0.000
3.3.2	CUSTOMER ACCESS	3.615	3.480	-0.135
3.3.3	COMMUNITY SERVICES	0.126	0.126	0.000
3.3.4	HIGHWAYS	21.248	20.957	-0.291
3.3.5	LIBRARIES MUSEUMS CULTURE & REGISTRARS	9.698	10.075	0.377
3.3.6	PUBLIC & INTEGRATED TRANSPORT	42.491	42.380	-0.111
3.3.7	WASTE MGT	57.269	59.711	2.442
	TOTAL - COMMUNITY SERVICES	134.610	136.892	2.282

The total net approved budget for Community Services in 2016/17 is £134.610m. As at the end of quarter 1, the services are forecast to overspend by £2.282m.

3.3.2 Customer Access

Customer Access is forecast to underspend by £0.135m in 2016/17. Forecast underspends relate to staff costs and vacancies. Delays in recruiting to vacant posts could lead to further underspends and these will be kept under review over the coming months. This position also reflects the achievement of a saving of £234k for 2016/17.

3.3.4 Highways

The service is forecast to underspend by £0.291m

- This is due to additional income forecast across highways on the permit scheme, section 38 income and through the charges to utilities companies for breaching codes of practice, delays in work and road closures. Additional income was seen in the 15/16 outturn position and as a result part of the savings strategy was to increase these income targets in the 2016/17 budget however these targets are likely to be exceeded during the course of the year.
- The service have a savings target of £3.210m which is on track to be delivered in year and therefore the approved drawn down of £1.404m from the transition reserve is not required.
- The service is forecast to spend the agreed highways maintenance and drainage budget within year.

The forecast includes the planned contribution of non-recurrent funding of £0.100m from the roundabout sponsorship service, this is additional income generated above the budgeted revenue target, these monies are planned to be reinvested in 2017/18 on public realm activity in the district that has generated the funds as has previously been the case.

3.3.5 Libraries, Museums, Culture and Registrars

Libraries, Museums, Cultural Services and Registrars is forecast to overspend by £0.377m in 2016/17.

- Cultural Services Museums is forecast to overspend by £0.326m primarily resulting from delayed delivery of agreed savings. It is forecast that it will cost £0.462m to operate Museums in 2016/17 which reflects the fact that it is anticipated that the County Council will still have to meet some full year costs for those Museums which are due to close and the requirement to retain Collections staff to assist with the closure of museums and relocation of collections beyond October 2016. Following the closure of 5 museums it is expected that the remaining museums will be self-financing, including covering costs associated with collections, with the exception of Gawthorpe Hall for which there is a recurring annual budget to cover running costs.
- County Libraries is forecast to overspend by £0.299m which largely relates to under delivery of previously agreed savings.
- Underspends of £0.248m relate to the remainder of the service which includes Cultural Services Archives, Conservation, Heritage and Arts, Museum School Service and Support and Development, and Registration Service. Of this, underspends of £0.149m relate to staff costs and £0.125m to non-staff costs, offset by under-recovery of income of £0.025m.

The forecast incorporates a range of savings to be achieved that total £5.807m. However following in relation to these savings the forecast includes the application of non-recurrent funding of £0.500m from Transitional Reserve to cover the cost of operating 5 museums which are due to close on 30th September 2016, £0.347m from Transitional Reserve to cover the continuation of Arts Grants to outside bodies within the Cultural Services Heritage and Arts Service, £0.140m from the Transitional Reserve to cover staff costs within Cultural Services Support and Development, and £1.608m, also from the Transitional Reserve, to fund transition costs as the County Library Service downsizes. The forecast also includes £0.020m from the service reserve relating Queen Street's engine repair fund.

3.3.6 Public & Integrated Transport

Public and Integrated Transport is forecast to underspend by £0.111m in 2016/17.

- Public Transport Initiatives is forecast to overspend by £0.932m largely due to lower than originally estimated sales from the Todmorden Curve New Rail Scheme. Whilst demand levels (passenger numbers) appear to be in line with the ramp up period predictions, revenues are lower than expected due to discounted fares with student rather than commuter full price fares accounting for the bulk of sales. The forecast is based on current levels of fare revenue and reflects the fact that franchised payments to Northern Rail are largely fixed.
- Integrated Transport Travelcare is forecast to overspend by £0.489m as a result of partial non-delivery of BOP savings of which £0.389m relates to staff costs and £0.100m relates to non-staff costs.
- Public Transport Concessionary Travel is forecast to underspend by £1.098m, due to changes in eligibility criteria relating to pensionable age (increased from 60 to 65) and a general reduction in take up.

- Public Transport School Transport is forecast to underspend by £0.282m. The BOP saving of £0.282m in 2016/17 is not achievable in the way originally planned because denominational transport services cannot cease until September 2017 at the earliest. However, the impact of this has been off-set by estimated price inflation applied to the 2016/17 budget in the MTFs being higher than actual inflation, lower forecast bus operator costs in real terms than in 2015/16 and a non-recurring year end adjustment in 2015/16.
- Public Transport Bus Stations, Interchanges and Information Centres are forecast to underspend by £0.225m. The forecast underspend is a non-recurring underspend and relates to Accrington Bus Station. Whilst there is a budget for Accrington Bus Station (Pennine Reach) in 2016/17, this has now been superseded by the introduction of departure fees as the service moves towards all bus stations operated or supported by the County Council becoming self-financing in order to deliver BOP savings and therefore this budget will be removed in the MTFs from 2017/18. The forecast does, however, include the receipt and application of £0.700m of Bus Service Operators Grant (BSOG).
- Community transport and tendered network bus services are forecast to overspend by £0.073m.

The forecast includes the planned application of non-recurrent funding of £0.400m from the Transition Reserve to cover the travel costs for young people not in education, employment or training (NEET), £0.089 from the Transitional Reserve to cover the naval architecture fees employed to carry out a feasibility study on and valuation of the Knott End Ferry and revenue costs in 2016/17 and £0.836m also from the Transitional Reserve to fund the cost of transport to day centres. The forecast also includes a contribution of £0.864m of Bus Service Operators Grant (BSOG) to transport reserves to be used to fund shortfalls in 2017/18 arising from the phased introduction of departure charges at bus stations and a contribution of £0.030m to the NoWCard Renewal Reserve to fund the costs of replacing NoWCard machines every 5 years.

In total the forecast above incorporates savings of £15.133m with the narrative highlighting areas where there are delays in achieving those planned budget reductions.

3.3.7 Waste Management

Waste Management is forecast to overspend by £2.442m in 2016/17.

Forecast overspends of £1.841m can be attributed to assumptions made in the MTFs which have not materialised. In addition, an increase in residual waste arisings of 4% is being forecast (compared to a previously assumed 1%) which is resulting in forecast overspends of £1.170m. This is partly offset by forecast underspends of £0.569m in a number of other areas including garden waste composting, where work with district councils to remove food waste from garden waste collections has been completed allowing in year reductions in gate prices. The high cost of insurance premiums at the waste recovery parks, and deflated markets for the sale of recyclable materials, continue to put pressure on the waste budget.

The forecast includes agreed budget reductions of £20.337m however some of the savings are offset by the approved application of non-recurrent funding of £10.258m from the Transitional Reserve to cover the costs of payments to District Councils under cost sharing arrangements and £7.750m also from the Transitional Reserve to cover transition costs associated with the transformation of the waste company.

3.4 Operations and Delivery – Public Health and Wellbeing Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.4.1	PUBLIC HEALTH & WELLBEING	-73.727	-71.778	1.949
3.4.2	PATIENT SAFETY & QUALITY IMPROVEMENT	4.832	4.643	-0.189
3.4.3	HEALTH EQUITY WELFARE & PARTNERSHIPS	9.399	9.399	0.000
3.4.4	WELLBEING PREVENTION & EARLY HELP	83.879	84.553	0.673
3.4.5	EMERGENCY PLANNING & RESILIENCE	0.999	0.466	-0.533
3.4.6	TRADING STANDARDS & SCIENTIFIC SERVICES	2.978	3.077	0.099
3.4.7	DEPUTY DIR PUBLIC HEALTH & CONSULTANTS	0.301	0.161	-0.140
	TOTAL - PUBLIC HEALTH AND WELLBEING	28.662	30.521	1.859

The total net revised budget for Public Health & Wellbeing Services in 2016/17 is £28.662m. As at the end of quarter 1, the service is forecast to overspend by £1.859m.

3.4.1 Public Health & Wellbeing

The overspend reported at £1.949m is largely due to a reduction in the Public Health grant amounting to £1.925m. These grant reductions continue into 2017/18 and have been highlighted and adjusted for within the revised MTFS.

3.4.2 Patient Safety & Quality Improvement

This service is forecast to underspend by £0.189m and incorporates the forecast delivery of the 2016/17 saving of £0.788m. The forecast also includes the planned application of non-recurrent Health reserve funding of £0.369m in relation to the Steady On falls prevention strategy.

3.4.3 Health Equity, Welfare & Partnerships

There is no variance against the service budget however this forecast includes the application of non-recurrent reserve funding of £0.952m in relation to the Domestic Abuse strategy to continue this service up to the end of March 2017. The forecast also includes approved budget reductions of £197k in relation to Welfare Rights.

3.4.4 Wellbeing, Prevention & Early Help

An overall overspend of £0.673m has been forecast for the service.

- Under Public Health General there has been a delay in ceasing the Homestart contract £0.170m earmarked to end March 2016 as part of the BOP 48 savings however this activity aligns with the 0-19 service recommissioning and has therefore been extended to March 2017 to coincide with this full reprocurement of services. There has also been a delay in the substance misuse saving strategy causing an in year pressure of £0.920m. These pressures are partly off set by the early delivery of BOP33 savings £0.417m in Children's services as the service redesign moves forward.
- Under the Public Health Combined Offer the underspend seen in 2015/16 is forecast to continue into 2016/17 meaning a reduced requirement from reserves to fund the service in its transition year.
- Working together with Families is forecast to exceed its income target, and has been reflected within the updated MTFS.

The forecast position for 2016/17 includes budget reductions of £9.173m but offsetting these savings is an approved drawdown from the transitional reserve of £4.755m. However due to early delivery of savings of the PH combined offer only £3.315m has been drawn down from the transitional reserve. In addition the forecast includes £0.354m earmarked reserve funding for public health projects such as affordable warmth strategy.

The forecast also includes the application of £0.570m from the former CYP DFM General Reserve for commitments against the Working Together with Families Programme.

3.4.5 Emergency Planning & Resilience

An underspend of £0.533m has been forecast due to the over-delivery of income against current targets for Health & Safety work. This income stream is being explored further as part of the services zero based budget review to ensure the fees and budget are set at the correct level going forward.

3.4.6 Trading Standards & Scientific Services

The forecast position for 2016/17 includes a £0.117m contribution from non-recurrent reserves to support the scientific services equipment renewal programme and the trading standards improved outcomes work reinvesting crime proceeds into local crime reduction initiatives delivered via the service.

The forecast also incorporates agreed budget savings of £0.363m.

3.4.7 Deputy Dir Public Health & Consultants

This service is forecast to underspend as a result of staffing savings of £0.140m within the management structure due to consultant vacancies and delayed utilisation of this funding in the service staffing redesign.

3.5 Development and Corporate Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.5.1	DEVELOPMENT AND CORPORATE SERVICES	0.171	0.171	0.000
3.5.2	LANCASHIRE ADULT LEARNING	-0.076	-0.076	0.000
3.5.3	CORPORATE SERVICES	0.108	0.108	0.000
3.5.4	CORE BUSINESS SYSTEMS TRANSFORMATION	23.983	23.944	-0.039
3.5.5	FACILITIES MGT	5.405	5.996	0.591
3.5.6	HUMAN RESOURCES	1.260	1.260	0.000
3.5.7	ECONOMIC DEVELOPMENT	0.170	0.170	0.000
3.5.8	BUSINESS GROWTH	0.080	0.080	0.000
3.5.9	LEP COORDINATION	0.000	0.064	0.064
3.5.10	STRATEGIC ECONOMIC DEVELOPMENT	0.080	0.080	0.000
3.5.11	PROGRAMMES & PROJECT MGT	0.119	0.119	0.000
3.5.12	DESIGN and CONSTRUCTION	2.406	2.275	-0.131
3.5.13	ESTATES	1.552	1.552	0.000
3.5.14	PLANNING AND ENVIRONMENT	1.614	1.212	-0.402
3.5.15	PROGRAMME OFFICE	0.102	0.102	0.000
3.5.16	SKILLS LEARNING & DEVELOPMENT	3.173	3.173	0.000
	TOTAL - DEVELOPMENT AND CORPORATE	40.147	40.230	0.083

The total net approved budget for Development and Corporate Services in 2016/17 is £40.147m. As at the end of quarter 1 the service is forecast to overspend by £0.083m. The forecast includes the planned application of non-recurrent funding of £0.030m from the Lancashire Adult Learning Reserve to cover the cost of back dated pay awards for lecturer staff. This is not listed separately below as there is no variance for that service.

3.5.4 Core Business Systems/Transformation

Core Business System Transformation is forecast to underspend by £0.039m in 2016/17. This forecast incorporates approved budget reductions of £0.817m with £0.175m originally approved to be funded from the transitional reserve in 2016/17, however due to early delivery of savings this is no longer required.

3.5.5 Facilities Management

The service are reporting an overspend of £0.591m.

- An overspend of £0.290m relates to delays in delivering savings as a result of the impact of the property strategy and a number of properties transferred to Facilities Management for which there is insufficient budget.

- Overspends of £0.224m relate to Staff and Civic Catering which are largely due to partial non-delivery of 2015-16 savings on Woodlands and non-delivery of 2015/16 and 2016/17 savings for Reflections. The financial position of both Woodlands and Reflections will need to be considered as part of the combined conferencing and catering service at County Hall once Woodlands closes.
- Overspends of £0.077m relate to the non-delivery of service offer savings and changes to the opening hours of County Hall which will not now go ahead.

The forecast includes approved savings of £0.286m.

3.5.6 Human Resources

No variance from budget is forecast for Human Resources in 2016/17. This forecast includes a budget reduction of £0.064m, however this is fully funded from the transitional reserve in 2016/17. Initially £0.146m was approved to be funded from reserves however this is no longer required due to early delivery of savings.

This forecast also includes a saving of £0.211m in relation to the Transformation Team however this is offset by non-recurrent reserve funding of £0.211m to continue to support the staffing off this service during 2016/17.

3.5.7 Economic Development

This service is forecast to break-even in 2016/17. This incorporates a saving of £0.650m that was approved, however it was also approved that this would be offset by funding from the transitional reserve of £0.650m in 2016/17.

3.5.12 Design and Construction

Design and Construction is forecast to underspend by £0.131m in 2016/17.

- Building Services Engineers is forecast to underspend by £0.131m due to overachievement of income which has been identified as part of a recent zero based budget review (ZBBR).

The forecast includes the planned application of non-recurrent reserves funding of £6.210m from the Schools Prop Reserve to cover the cost of schools repairs and maintenance. The forecast also includes an approved saving of £0.220m.

3.5.14 Planning and Environment

This service is forecasting an underspend of £0.402m primarily as a result of additional income.

3.5.15 Programme Office

No variance from budget is forecast for Programme Office in 2016/17. The forecast includes savings of £2.590m with the planned application of non-recurrent reserves funding of £0.369m from the Transitional Reserve to cover staff costs. It was originally approved that £0.831m would be required to support the 16/17 budget saving, however the service only now require the figure stated above.

3.5.16 Skills, Learning and Development

No variance from budget is forecast for Skills, Learning and Development in 2016/17. The forecast includes a saving of £0.646m for 2016/17 with this offset by the approved application of non-recurrent reserves funding of £0.461m from the Transitional Reserve to cover staff costs, £0.287m is also from the Strategic Investment Reserve to cover the costs of the Ex Service Personnel Mentoring in Schools Programme. In addition £0.423m has been applied as part of the forecast from the Strategic Investment Reserves to cover the costs of promoting sustainable employment for young people.

The forecast also includes a draw down of £2.955m from the Transitional Reserve in relation to the approved Apprentices and Graduates programme.

3.6 Commissioning Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.6.1	COMMISSIONING	0.163	0.163	0.000
3.6.2	CORPORATE COMMISSIONING	0.136	0.136	0.000
3.6.3	ASSET MGT	10.838	10.838	0.000
3.6.4	POLICY INFO & COMMISSION AGE WELL	0.528	0.528	0.000
3.6.5	POLICY INFO & COMMISSION LIVE WELL	0.506	0.506	0.000
3.6.6	POLICY INFO & COMMISSION START WELL	0.432	0.432	0.000
3.6.7	PROCUREMENT	1.271	1.271	0.000
3.6.8	BUSINESS INTELLIGENCE	0.793	0.793	0.000
3.6.9	FINANCIAL RESOURCES	0.113	0.113	0.000
3.6.10	EXCHEQUER SERVICES	3.816	3.516	-0.300
3.6.11	FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	0.424	0.324	-0.100
3.6.12	FINANCIAL MGT (OPERATIONAL)	1.793	1.743	-0.050
3.6.13	OFFICE OF THE POLICE AND CRIME COMMISSIONER TRES	-0.015	-0.015	0.000
3.6.14	CORPORATE FINANCE	6.373	6.323	-0.050
3.6.15	GOVERNANCE FINANCE & PUBLIC SERVICES	0.139	0.139	0.000
3.6.16	CORONER'S SERVICE	2.472	2.567	0.095
3.6.17	INTERNAL AUDIT	0.528	0.528	0.000
3.6.18	LEGAL AND DEMOCRATIC SERVICES	13.058	12.632	-0.426
3.6.19	LEGAL DEMOCRATIC & GOVERNANCE	0.101	0.101	0.000
	TOTAL - COMMISSIONING	43.470	42.639	-0.831

The total net approved budget for Commissioning Services in 2016/17 is £43.470m. As at the end of quarter 1, the service is forecast to underspend by £0.831m.

3.6.3 Asset Management

No variance from budget is forecast for Asset Management in 2016/17. The forecast includes savings of £0.391m which is offset by the approved application of non-recurrent funding of £0.341m from the Transitional Reserve. The forecast also includes a contribution from the Schools PFI Reserves of £0.070m and a contribution to the PFI BSF Reserve of £0.560m to fund BSF PFI costs over the life of the PFI contracts.

- 3.6.4 Policy, Information and Commissioning Age Well**
- 3.6.5 Policy, Information and Commissioning Live Well**
- 3.6.6 Policy, Information and Commissioning Start Well**

No variance from budget is forecast for the Policy, Information and Commissioning Teams for Start Well, Live Well and Age Well in 2016/17.

The forecast includes the approved saving of £1.337m and is offset by £0.922m from the approved application of the Transitional Reserve. Approval was given to draw down £1.337m from the transitional reserve, however due to early delivery of savings the reduced amount of £0.922m is required.

3.6.7 Procurement

No variance from budget is forecast for Procurement in 2016/17.

The forecast includes the approved saving of £0.416m, however this is offset by the approved application of non-recurrent reserves funding of £0.416m from the Transitional Reserve to cover staff costs.

3.6.8 Business Intelligence

No variance from budget is forecast for Business Intelligence in 2016/17.

The forecast includes the approved saving of £0.555m, however this is offset by the approved application of non-recurrent reserves funding of £0.477m from the Transitional Reserve to cover staff costs.

3.6.9 Financial Resources

3.6.10 Exchequer Services

3.6.11 Financial Management (Development and Schools)

3.6.12 Financial Management (Operational)

3.6.13 Office of the Police and Crime Commissioner Treasurer

3.6.14 Corporate Finance

An underspend of £0.500m is currently forecast for Financial Resources due to staff vacancies. The forecast includes the delivery of £0.911m of savings.

3.6.17 Internal Audit

No variance from budget is forecast for Internal Audit in 2016/17.

3.6.18 Legal and Democratic Services

Legal and Democratic Services is forecast to underspend by £0.426m in 2016/17.

- Management Legal and Democratic Services is forecast to underspend by £0.204m which relates to staff costs.
- Democratic Services is forecast to underspend by £0.129m which largely relates to staff costs.
- Legal Services is forecast to underspend by £0.093m of which £0.318m relates to staff costs offset by overspends of £0.089m which relates to non-staff costs

including printing and legal fees and overspends or under recovery of income against budget of £0.145m across a number of income streams.

The forecast includes savings of £0.286m offset by the approved application of non-recurrent reserves funding of £0.135m from the Transitional Reserve. The forecast also includes £0.049m of SEND Implementation/Reform Grant held on the Former CYP Directorate Grant Funded Reserve to cover the cost of a temporary SEN solicitor and a contribution to the County Council Elections reserve of £0.400m to fund the cost of future local elections.

3.7 Chief Executive Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m
3.7.1	CHIEF EXECUTIVE	-0.686	-0.617	0.069
3.7.2	SERVICE COMMUNICATIONS	0.791	0.791	0.000
3.7.3	LARGE SPECIFIC GRANTS TO SUPPORT THE AUTHORITY	-14.589	-14.589	0.000
3.7.4	NON SERVICE ISSUES CORPORATE BUDGETS	43.848	37.140	-6.708
	TOTAL - CHIEF EXECUTIVE	29.364	22.725	-6.639

The total net approved budget for Chief Executive in 2016/17 is £29.364m. As at the end of quarter 1 the service is forecast to underspend by £6.639m. The budget includes the application of savings of £0.065m which has reduced the former contingencies budget to zero and is therefore not reported in the table above.

3.7.1 Chief Executive

No significant variance from budget is forecast for Chief Executive. The forecast includes approved savings of £0.890m which is offset by the approved application of non-recurrent funding of £0.930m from the Transitional Reserve to cover staff costs (specifically Executive Directors, Directors and Executive Support). In addition £1.033m has been forecast to be drawn down from the Transitional Reserve to cover the cost of work being undertaken by PwC.

3.7.2 Service Communications

No variance from budget is forecast for Service Communications.

The forecast includes an approved saving of £0.829m which is offset by the application of non-recurrent funding of £0.618m from the Transitional Reserve. This was approved to be £0.760m, however due to the early delivery of savings the amount required has now been reduced.

3.7.4 Non Service Issues Corporate Budgets

Non Service Issues Corporate Budgets is forecast to underspend by £6.708m in 2016/17.

- Forecast underspends of £1.588m relates to inherited liabilities and central employers costs. This forecast is a continuation of the underspend reported in 2015/16 albeit currently forecast to be higher than the previous year's underspend.
- Strategic is forecast to underspend by £1.620m. The strategic budget funds an annual contribution to the City Deal of £1.295m which is currently forecast to be not required.
- Treasury Management is forecast to underspend by £3.500m. Of this £1.654m relates to forecast interest payable being lower than budgeted and the level of

borrowings (net of shared investment scheme) reducing along with more favourable interest rates which has thereby reduced interest payable. A further £1.846m relates to a forecast surplus on interest receivable largely due to gains incurred for the sale of core bonds offsetting the reduction in interest receivable on sold bonds which was reflected in the budget.

This budget contains the approved application of non-recurrent of £18.286m from the Transitional Reserve. This amount relates to the agreed application funds to support the shortfall in the County Council's revenue budget. This budget also includes an agreed £5.000m contribution from capital receipts, also to support the shortfall in the revenue budget.